

# SENATE BILL 995

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11r3124  
CF 11r3132

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By: **Senator Kelley**

Constitutional Requirements Complied with for Introduction in the last 35 Days of  
Session

Introduced and read first time: March 21, 2011

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Real Property – Condominiums and Homeowners Associations – Governing**  
3 **Bodies**

4 FOR the purpose of requiring the governing body of a condominium to convene at least  
5 a certain number of meetings each year; requiring the developer of a  
6 condominium to appoint a certain person to the governing body within a certain  
7 period of time from the date a certain number of units are conveyed under  
8 certain circumstances; requiring a developer to deliver certain notices regarding  
9 a certain bond to certain individuals within a certain period of time; requiring a  
10 council of unit owners to keep books, records, and accounts, beginning on the  
11 date the council is established; requiring a council of unit owners to maintain  
12 certain books, records, and accounts in a certain manner; making certain  
13 provisions of law applicable to the accounts of a condominium; requiring a  
14 declarant to appoint a certain person to the governing body of a homeowners  
15 association within a certain period of time from the date a certain number of  
16 lots are sold under certain circumstances; requiring a declarant to deliver  
17 certain notices regarding a certain bond to certain individuals within a certain  
18 period of time; requiring the governing body of a homeowners association to  
19 convene at least a certain number of meetings each year; requiring a  
20 homeowners association to maintain books, records, and accounts, beginning on  
21 the date the homeowners association is established; requiring a homeowners  
22 association to maintain certain books, records, and accounts in a certain  
23 manner; making certain provisions of law applicable to the accounts of a  
24 homeowners association; and generally relating to the governing bodies of  
25 condominium councils of unit owners and homeowners associations.

26 BY repealing and reenacting, without amendments,  
27 Article – Real Property  
28 Section 11–109(a) and (b)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland  
2 (2010 Replacement Volume and 2010 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article – Real Property  
5 Section 11–109(c), 11–114.1(d), 11–116, 11–132, 11B–106.1, 11B–111,  
6 11B–111.6(d), and 11B–112(a)  
7 Annotated Code of Maryland  
8 (2010 Replacement Volume and 2010 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
10 MARYLAND, That the Laws of Maryland read as follows:

11 **Article – Real Property**

12 11–109.

13 (a) The affairs of the condominium shall be governed by a council of unit  
14 owners which, even if unincorporated, is constituted a legal entity for all purposes.  
15 The council of unit owners shall be comprised of all unit owners.

16 (b) The bylaws may authorize or provide for the delegation of any power of  
17 the council of unit owners to a board of directors, officers, managing agent, or other  
18 person for the purpose of carrying out the responsibilities of the council of unit owners.

19 (c) (1) A meeting of the council of unit owners or board of directors may  
20 not be held on less notice than required by this section.

21 (2) The council of unit owners shall maintain a current roster of  
22 names and addresses of each unit owner to which notice of meetings of the board of  
23 directors shall be sent at least annually.

24 (3) Each unit owner shall furnish the council of unit owners with his  
25 name and current mailing address. A unit owner may not vote at meetings of the  
26 council of unit owners until this information is furnished.

27 (4) A regular or special meeting of the council of unit owners may not  
28 be held on less than 10 nor more than 90 days’:

29 (i) Written notice delivered or mailed to each unit owner at the  
30 address shown on the roster on the date of the notice; or

31 (ii) Notice sent to each unit owner by electronic transmission, if  
32 the requirements of § 11–139.1 of this title are met.

33 (5) Notice of special meetings of the board of directors shall be given:

34 (i) As provided in the bylaws; or

1                   (ii) If the requirements of § 11-139.1 of this title are met, by  
2 electronic transmission.

3                   (6)   **(I) THE GOVERNING BODY SHALL CONVENE AT LEAST TWO**  
4 **MEETINGS EACH YEAR.**

5                   **(II)** Except as provided in § 11-109.1 of this title, a meeting of a  
6 governing body shall be open and held at a time and location as provided in the notice  
7 or bylaws.

8                   (7)   (i) This paragraph does not apply to any meeting of the  
9 governing body that occurs at any time before the meeting at which the unit owners  
10 elect officers or a board of directors in accordance with paragraph [(16)] **(17)** of this  
11 subsection.

12                   (ii) Subject to subparagraph (iii) of this paragraph and to  
13 reasonable rules adopted by the governing body under § 11-111 of this title, a  
14 governing body shall provide a designated period of time during a meeting to allow  
15 unit owners an opportunity to comment on any matter relating to the condominium.

16                   (iii) During a meeting at which the agenda is limited to specific  
17 topics or at a special meeting, the unit owners' comments may be limited to the topics  
18 listed on the meeting agenda.

19                   (iv) The governing body shall convene at least one meeting each  
20 year at which the agenda is open to any matter relating to the condominium.

21                   (8)   (i) Unless the bylaws provide otherwise, a quorum is deemed  
22 present throughout any meeting of the council of unit owners if persons entitled to cast  
23 25 percent of the total number of votes appurtenant to all units are present in person  
24 or by proxy.

25                   (ii) If the number of persons present in person or by proxy at a  
26 properly called meeting of the council of unit owners is insufficient to constitute a  
27 quorum, another meeting of the council of unit owners may be called for the same  
28 purpose if:

29                               1. The notice of the meeting stated that the procedure  
30 authorized by this paragraph might be invoked; and

31                               2. By majority vote, the unit owners present in person or  
32 by proxy call for the additional meeting.

33                   (iii) 1. Fifteen days' notice of the time, place, and purpose of  
34 the additional meeting shall be delivered, mailed, or sent by electronic transmission if

1 the requirements of § 11–139.1 of this title are met, to each unit owner at the address  
2 shown on the roster maintained under paragraph (2) of this subsection.

3                   2. The notice shall contain the quorum and voting  
4 provisions of subparagraph (iv) of this paragraph.

5                   (iv) 1. At the additional meeting, the unit owners present in  
6 person or by proxy constitute a quorum.

7                   2. Unless the bylaws provide otherwise, a majority of the  
8 unit owners present in person or by proxy:

9                   A. May approve or authorize the proposed action at the  
10 additional meeting; and

11                   B. May take any other action that could have been taken  
12 at the original meeting if a sufficient number of unit owners had been present.

13                   (v) This paragraph may not be construed to affect the  
14 percentage of votes required to amend the declaration or bylaws or to take any other  
15 action required to be taken by a specified percentage of votes.

16                   (9) At meetings of the council of unit owners each unit owner shall be  
17 entitled to cast the number of votes appurtenant to his unit. Unit owners may vote by  
18 proxy, but the proxy is effective only for a maximum period of 180 days following its  
19 issuance, unless granted to a lessee or mortgagee.

20                   (10) Any proxy may be revoked at any time at the pleasure of the unit  
21 owner or unit owners executing the proxy.

22                   (11) A proxy who is not appointed to vote as directed by a unit owner  
23 may only be appointed for purposes of meeting quorums and to vote for matters of  
24 business before the council of unit owners, other than an election of officers and  
25 members of the board of directors.

26                   (12) Only a unit owner voting in person or by electronic transmission if  
27 the requirements of § 11–139.2 of this title are met or a proxy voting for candidates  
28 designated by a unit owner may vote for officers and members of the board of  
29 directors.

30                   (13) Unless otherwise provided in the bylaws, a unit owner may  
31 nominate himself or any other person to be an officer or member of the board of  
32 directors. A call for nominations shall be sent to all unit owners not less than 45 days  
33 before notice of an election is sent. Only nominations made at least 15 days before  
34 notice of an election shall be listed on the election ballot. Candidates shall be listed on  
35 the ballot in alphabetical order, with no indicated candidate preference. Nominations  
36 may be made from the floor at the meeting at which the election to the board is held.

1           (14) Election materials prepared with funds of the council of unit  
2 owners shall list candidates in alphabetical order and may not indicate a candidate  
3 preference.

4           (15) Unless otherwise provided in this title, and subject to provisions in  
5 the bylaws requiring a different majority, decisions of the council of unit owners shall  
6 be made on a majority of votes of the unit owners listed on the current roster present  
7 and voting.

8           **(16) IF THERE IS A GOVERNING BODY FOR THE COUNCIL OF UNIT**  
9 **OWNERS ALREADY ESTABLISHED BY THE DEVELOPER, WITHIN 30 DAYS FROM**  
10 **THE DATE THAT UNITS REPRESENTING 25 PERCENT OF THE VOTES IN THE**  
11 **CONDOMINIUM HAVE BEEN CONVEYED BY THE DEVELOPER TO MEMBERS OF**  
12 **THE PUBLIC FOR RESIDENTIAL PURPOSES, THE DEVELOPER SHALL APPOINT AT**  
13 **LEAST ONE MEMBER TO THAT GOVERNING BODY WHO IS:**

14                   **(I) A UNIT OWNER; AND**

15                   **(II) NOT OTHERWISE AFFILIATED WITH THE DEVELOPER.**

16           **[16] (17)** (i) A meeting of the council of unit owners to elect a  
17 board of directors for the council of unit owners, as provided in the condominium  
18 declaration or bylaws, shall be held within:

19                   1. 60 days from the date that units representing 50  
20 percent of the votes in the condominium have been conveyed by the developer to  
21 members of the public for residential purposes; or

22                   2. If a lesser percentage is specified in the declaration or  
23 bylaws of the condominium, 60 days from the date the specified lesser percentage of  
24 units in the condominium are sold to members of the public for residential purposes.

25                   (ii) 1. Before the date of the meeting held under  
26 subparagraph (i) of this paragraph, the developer shall deliver to each unit owner  
27 notice that the requirements of subparagraph (i) of this paragraph have been met.

28                   2. The notice shall include the date, time, and place of  
29 the meeting to elect the board of directors for the council of unit owners.

30                   (iii) The term of each member of the board of directors appointed  
31 by the developer shall end 10 days after the meeting as specified in subparagraph (i) of  
32 this paragraph is held, if a replacement board member is elected.

33                   **(IV) 1. WITHIN 15 DAYS FROM THE DATE OF THE**  
34 **MEETING HELD UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**

1 DEVELOPER SHALL DELIVER TO EACH OF THE OFFICERS OR MEMBERS OF THE  
2 BOARD OF DIRECTORS FOR THE COUNCIL OF UNIT OWNERS NOTICE OF:

3 A. ANY BOND PROVIDED BY THE DEVELOPER TO A  
4 GOVERNMENT AGENCY IN CONNECTION WITH THE DEVELOPMENT; AND

5 B. THE NAME, ADDRESS, AND PHONE NUMBER OF  
6 THE PERSON THROUGH WHICH A CLAIM AGAINST THE BOND MAY BE ASSERTED.

7 2. AT LEAST 30 DAYS BEFORE A DEVELOPER  
8 REQUESTS TO BE RELEASED FROM A BOND PROVIDED BY THE DEVELOPER TO A  
9 GOVERNMENT AGENCY, THE DEVELOPER SHALL DELIVER TO EACH OF THE  
10 OFFICERS OR MEMBERS OF THE BOARD OF DIRECTORS FOR THE COUNCIL OF  
11 UNIT OWNERS NOTICE OF:

12 A. THE INTENTION TO BE RELEASED FROM THE  
13 BOND; AND

14 B. THE NAME, ADDRESS, AND PHONE NUMBER OF  
15 THE PERSON THROUGH WHICH A CLAIM AGAINST THE BOND MAY BE ASSERTED.

16 [(iv)] (v) Within 30 days from the date of the meeting held  
17 under subparagraph (i) of this paragraph, the developer shall deliver to the officers or  
18 board of directors for the council of unit owners, as provided in the condominium  
19 declaration or bylaws, at the developer's expense:

20 1. The documents specified in § 11–132 of this title;

21 2. The condominium funds, including operating funds,  
22 replacement reserves, investment accounts, and working capital;

23 3. The tangible property of the condominium; and

24 4. A roster of current unit owners, including mailing  
25 addresses, telephone numbers, and unit numbers, if known.

26 [(v)] (vi) 1. This subparagraph does not apply to a contract  
27 entered into before October 1, 2009.

28 2. A. In this subparagraph, “contract” means an  
29 agreement with a company or individual to handle financial matters, maintenance, or  
30 services for the condominium.

31 B. “Contract” does not include an agreement relating to  
32 the provision of utility services or communication systems.

1                   3.     Until all members of the board of directors of the  
2 condominium are elected by the unit owners at a transitional meeting as specified in  
3 subparagraph (i) of this paragraph, a contract entered into by the officers or board of  
4 directors of the condominium may be terminated, at the discretion of the board of  
5 directors and without liability for the termination, not later than 30 days after notice.

6                   [(vi)] (VII)   If the developer fails to comply with the requirements  
7 of this paragraph, an aggrieved unit owner may submit the dispute to the Division of  
8 Consumer Protection of the Office of the Attorney General under § 11-130(c) of this  
9 title.

10 11-114.1.

11           (d)     A copy of the fidelity insurance policy or fidelity bond shall be included in  
12 the books [and], records, **AND ACCOUNTS** kept and made available by the council of  
13 unit owners under § 11-116 of this title.

14 11-116.

15           (a)     The council of unit owners shall keep books [and], records, **AND**  
16 **ACCOUNTS, BEGINNING ON THE DATE THE COUNCIL OF UNIT OWNERS IS**  
17 **ESTABLISHED**, in accordance with good accounting practices on a consistent basis.

18           (b)     On the request of the unit owners of at least 5 percent of the units, the  
19 council of unit owners shall cause an audit of the books [and], records, **AND**  
20 **ACCOUNTS** to be made by an independent certified public accountant, provided an  
21 audit shall be made not more than once in any consecutive 12-month period. The cost  
22 of the audit shall be a common expense.

23           (c)     (1)   (i)   **1.**     Except as provided in paragraph (3) of this subsection,  
24 all books [and], records, **AND ACCOUNTS**, including insurance policies, kept by the  
25 council of unit owners shall be maintained in Maryland or within 50 miles of its  
26 borders and shall be available at some place designated by the council of unit owners  
27 for examination or copying, or both, by any unit owner, a unit owner's mortgagee, or  
28 their respective duly authorized agents or attorneys, during normal business hours,  
29 and after reasonable notice.

30                                   **2.**     **ALL BOOKS, RECORDS, AND ACCOUNTS KEPT BY**  
31 **THE COUNCIL OF UNIT OWNERS SHALL BE MAINTAINED SEPARATE AND APART**  
32 **FROM THE BOOKS, RECORDS, AND ACCOUNTS OF THE DEVELOPER OR OF ANY**  
33 **OTHER PERSON OR ENTITY.**

34                   (ii)   If a unit owner requests in writing a copy of financial  
35 statements of the condominium or the minutes of a meeting of the board of directors or  
36 other governing body of the condominium to be delivered, the board of directors or

1 other governing body of the condominium shall compile and send the requested  
2 information by mail, electronic transmission, or personal delivery:

3                   1.     Within 21 days after receipt of the written request, if  
4 the financial statements or minutes were prepared within the 3 years immediately  
5 preceding receipt of the request; or

6                   2.     Within 45 days after receipt of the written request, if  
7 the financial statements or minutes were prepared more than 3 years before receipt of  
8 the request.

9                   (2)    Books [and], records, **AND ACCOUNTS** required to be made  
10 available under paragraph (1) of this subsection shall first be made available to a unit  
11 owner not later than 15 business days after a unit is conveyed from a developer and  
12 the unit owner requests to examine or copy the books and records.

13                   (3)    Books [and], records, **AND ACCOUNTS** kept by or on behalf of a  
14 council of unit owners may be withheld from public inspection, except for inspection by  
15 the person who is the subject of the record or the person's designee or guardian, to the  
16 extent that they concern:

17                   (i)    Personnel records, not including information on individual  
18 salaries, wages, bonuses, and other compensation paid to employees;

19                   (ii)   An individual's medical records;

20                   (iii)  An individual's personal financial records, including assets,  
21 income, liabilities, net worth, bank balances, financial history or activities, and  
22 creditworthiness;

23                   (iv)   Records relating to business transactions that are currently  
24 in negotiation;

25                   (v)    The written advice of legal counsel; or

26                   (vi)   Minutes of a closed meeting of the board of directors or other  
27 governing body of the council of unit owners, unless a majority of a quorum of the  
28 board of directors or governing body that held the meeting approves unsealing the  
29 minutes or a recording of the minutes for public inspection.

30                   (d)    (1)    Except for a reasonable charge imposed on a person desiring to  
31 review or copy the books [and], records, **AND ACCOUNTS** or who requests delivery of  
32 information, the council of unit owners may not impose any charges under this section.

33                   (2)    A charge imposed under paragraph (1) of this subsection for  
34 copying books [and], records, **AND ACCOUNTS** may not exceed the limits authorized  
35 under Title 7, Subtitle 2 of the Courts Article.

1 11-132.

2 On transfer of control by the developer to the council of unit owners, the  
3 developer shall turn over documents including:

4 (1) Copies of the condominium's filed articles of incorporation,  
5 recorded declaration, and all recorded covenants, bylaws, plats, and restrictions of the  
6 condominium;

7 (2) Subject to the restrictions of § 11-116 of this title, all books [and],  
8 records, **AND ACCOUNTS** of the condominium, including financial statements, minutes  
9 of any meeting of the governing body, and completed business transactions;

10 (3) Any policies, rules, and regulations adopted by the governing body;

11 (4) The financial records of the condominium from the date of creation  
12 to the date of transfer of control, including budget information regarding estimated  
13 and actual expenditures by the condominium and any report relating to the reserves  
14 required for major repairs and replacement of the common elements of the  
15 condominium;

16 (5) A copy of all contracts to which the condominium is a party;

17 (6) The name, address, and telephone number of any contractor or  
18 subcontractor employed by the condominium;

19 (7) Any insurance policies in effect and all prior insurance policies;

20 (8) Any permit or notice of code violation issued to the condominium  
21 by the county, local, State, or federal government;

22 (9) Any warranty in effect;

23 (10) Drawings, architectural plans, or other suitable documents setting  
24 forth the necessary information for location, maintenance, and repair of all  
25 condominium facilities; and

26 (11) Individual owner files and records, including assessment account  
27 records, correspondence, and notices of any violations.

28 11B-106.1.

29 **(A) IF THERE IS A GOVERNING BODY FOR THE HOMEOWNERS**  
30 **ASSOCIATION ALREADY ESTABLISHED BY THE DECLARANT, WITHIN 30 DAYS**  
31 **FROM THE DATE THAT AT LEAST 25 PERCENT OF THE TOTAL NUMBER OF LOTS**  
32 **THAT MAY BE PART OF THE DEVELOPMENT AFTER ALL PHASES ARE COMPLETE**

1 ARE SOLD TO MEMBERS OF THE PUBLIC FOR RESIDENTIAL PURPOSES, THE  
2 DECLARANT SHALL APPOINT AT LEAST ONE MEMBER TO THAT GOVERNING  
3 BODY WHO IS:

4 (1) A LOT OWNER; AND

5 (2) NOT OTHERWISE AFFILIATED WITH THE DECLARANT OR A  
6 VENDOR OF LOTS IN THE DEVELOPMENT.

7 [(a)] (B) A meeting of the members of the homeowners association to elect a  
8 governing body of the homeowners association shall be held within:

9 (1) 60 days from the date that at least 75% of the total number of lots  
10 that may be part of the development after all phases are complete are sold to members  
11 of the public for residential purposes; or

12 (2) If a lesser percentage is specified in the governing documents of  
13 the homeowners association, 60 days from the date the specified lesser percentage of  
14 the total number of lots in the development after all phases are complete are sold to  
15 members of the public for residential purposes.

16 [(b)] (C) (1) Before the date of the meeting held under subsection [(a)]  
17 (B) of this section, the declarant shall deliver to each lot owner notice that the  
18 requirements of subsection [(a)] (B) of this section have been met.

19 (2) The notice shall include the date, time, and place of the meeting to  
20 elect the governing body of the homeowners association.

21 [(c)] (D) The term of each member of the governing body of the homeowners  
22 association appointed by the declarant shall end 10 days after the meeting under  
23 subsection [(a)] (B) of this section is held, if a replacement board member is elected.

24 [(d)] (E) Within 30 days from the date of the meeting held under subsection  
25 [(a)] (B) of this section, the declarant shall deliver the following items to the governing  
26 body at the declarant's expense:

27 (1) The deeds to the common areas;

28 (2) Copies of the homeowners association's filed articles of  
29 incorporation, declaration, and all recorded covenants, plats, restrictions, and any  
30 other records of the primary development and of related developments;

31 (3) A copy of the bylaws and rules of the primary development and of  
32 other related developments as filed in the depository of the county in which the  
33 development is located;

1 (4) The minute books, including all minutes;

2 (5) Subject to the restrictions of § 11B–112 of this title, all books  
3 [and], records, **AND ACCOUNTS** of the homeowners association, including financial  
4 statements, minutes of any meeting of the governing body, and completed business  
5 transactions;

6 (6) Any policies, rules, and regulations adopted by the governing body;

7 (7) The financial records of the homeowners association from the date  
8 of creation to the date of transfer of control, including budget information regarding  
9 estimated and actual expenditures by the homeowners association and any report  
10 relating to the reserves required for major repairs and replacement of the common  
11 areas of the homeowners association;

12 (8) A copy of all contracts to which the homeowners association is a  
13 party;

14 (9) The name, address, and telephone number of any contractor or  
15 subcontractor employed by the homeowners association;

16 (10) Any insurance policies in effect;

17 (11) Any permit or notice of code violations issued to the homeowners  
18 association by the county, local, State, or federal government;

19 (12) Any warranty in effect and all prior insurance policies;

20 (13) The homeowners association funds, including operating funds,  
21 replacement reserves, investment accounts, and working capital;

22 (14) The tangible property of the homeowners association;

23 (15) A roster of current lot owners, including their mailing addresses,  
24 telephone numbers, and lot numbers, if known;

25 (16) Individual member files and records, including assessment account  
26 records, correspondence, and notices of any violations; and

27 (17) Drawings, architectural plans, or other suitable documents setting  
28 forth the necessary information for location, maintenance, and repairs of all common  
29 areas.

30 **[(e)] (F)** (1) This subsection does not apply to a contract entered into  
31 before October 1, 2009.

1           (2) (i) In this subsection, “contract” means an agreement with a  
2 company or individual to handle financial matters, maintenance, or services for the  
3 homeowners association.

4                   (ii) “Contract” does not include an agreement relating to the  
5 provision of utility services or communication systems.

6           (3) Until all members of the governing body are elected by the lot  
7 owners at a transitional meeting under subsection [(a)] **(B)** of this section, a contract  
8 entered into by the governing body may be terminated, at the discretion of the  
9 governing body and without liability for the termination, not later than 30 days after  
10 notice.

11           **(G) (1) WITHIN 15 DAYS FROM THE DATE OF THE MEETING HELD**  
12 **UNDER SUBSECTION (B) OF THIS SECTION, THE DECLARANT SHALL DELIVER TO**  
13 **EACH MEMBER OF THE GOVERNING BODY NOTICE OF:**

14                   **(I) ANY BOND PROVIDED BY THE DECLARANT TO A**  
15 **GOVERNMENT AGENCY IN CONNECTION WITH THE DEVELOPMENT; AND**

16                   **(II) THE NAME, ADDRESS, AND PHONE NUMBER OF THE**  
17 **PERSON THROUGH WHICH A CLAIM AGAINST THE BOND MAY BE ASSERTED.**

18           **(2) AT LEAST 30 DAYS BEFORE A DECLARANT REQUESTS TO BE**  
19 **RELEASED FROM A BOND PROVIDED BY THE DECLARANT TO A GOVERNMENT**  
20 **AGENCY, THE DECLARANT SHALL DELIVER TO EACH MEMBER OF THE**  
21 **GOVERNING BODY NOTICE OF:**

22                   **(I) THE INTENTION TO BE RELEASED FROM THE BOND; AND**

23                   **(II) THE NAME, ADDRESS, AND PHONE NUMBER OF THE**  
24 **PERSON THROUGH WHICH A CLAIM AGAINST THE BOND MAY BE ASSERTED.**

25           **[(f)] (H)** If the declarant fails to comply with the requirements of this  
26 section, an aggrieved lot owner may submit the dispute to the Division of Consumer  
27 Protection of the Office of the Attorney General under § 11B–115(c) of this title.

28 11B–111.

29           Except as provided in this title, and notwithstanding anything contained in any  
30 of the documents of the homeowners association:

31           (1) Subject to the provisions of paragraph (4) of this section, all  
32 meetings of the homeowners association, including meetings of the board of directors  
33 or other governing body of the homeowners association or a committee of the

1 homeowners association, shall be open to all members of the homeowners association  
2 or their agents;

3 (2) All members of the homeowners association shall be given  
4 reasonable notice of all regularly scheduled open meetings of the homeowners  
5 association;

6 (3) (i) This paragraph does not apply to any meeting of a governing  
7 body that occurs at any time before the lot owners, other than the developer, have a  
8 majority of votes in the homeowners association, as provided in the declaration;

9 (ii) Subject to subparagraph (iii) of this paragraph and to  
10 reasonable rules adopted by a governing body, a governing body shall provide a  
11 designated period of time during a meeting to allow lot owners an opportunity to  
12 comment on any matter relating to the homeowners association;

13 (iii) During a meeting at which the agenda is limited to specific  
14 topics or at a special meeting, the lot owners' comments may be limited to the topics  
15 listed on the meeting agenda; and

16 (iv) The governing body shall convene at least one meeting each  
17 year at which the agenda is open to any matter relating to the homeowners  
18 association;

19 (4) A meeting of the board of directors or other governing body of the  
20 homeowners association or a committee of the homeowners association may be held in  
21 closed session only for the following purposes:

22 (i) Discussion of matters pertaining to employees and  
23 personnel;

24 (ii) Protection of the privacy or reputation of individuals in  
25 matters not related to the homeowners association's business;

26 (iii) Consultation with legal counsel on legal matters;

27 (iv) Consultation with staff personnel, consultants, attorneys,  
28 board members, or other persons in connection with pending or potential litigation or  
29 other legal matters;

30 (v) Investigative proceedings concerning possible or actual  
31 criminal misconduct;

32 (vi) Consideration of the terms or conditions of a business  
33 transaction in the negotiation stage if the disclosure could adversely affect the  
34 economic interests of the homeowners association;

1 (vii) Compliance with a specific constitutional, statutory, or  
2 judicially imposed requirement protecting particular proceedings or matters from  
3 public disclosure; or

4 (viii) Discussion of individual owner assessment accounts; [and]

5 (5) If a meeting is held in closed session under paragraph (4) of this  
6 section:

7 (i) An action may not be taken and a matter may not be  
8 discussed if it is not permitted by paragraph (4) of this section; and

9 (ii) A statement of the time, place, and purpose of a closed  
10 meeting, the record of the vote of each board or committee member by which the  
11 meeting was closed, and the authority under this section for closing a meeting shall be  
12 included in the minutes of the next meeting of the board of directors or the committee  
13 of the homeowners association; **AND**

14 **(6) THE GOVERNING BODY SHALL CONVENE AT LEAST TWO**  
15 **MEETINGS EACH YEAR.**

16 11B-111.6.

17 (d) A copy of the fidelity insurance policy or fidelity bond shall be included in  
18 the books [and], records, **AND ACCOUNTS** kept and made available by or on behalf of  
19 the homeowners association under § 11B-112 of this title.

20 11B-112.

21 (a) **(1) (I) THE HOMEOWNERS ASSOCIATION SHALL MAINTAIN**  
22 **BOOKS, RECORDS, AND ACCOUNTS BEGINNING ON THE DATE THE HOMEOWNERS**  
23 **ASSOCIATION IS ESTABLISHED.**

24 **(II) ALL BOOKS, RECORDS, AND ACCOUNTS KEPT BY THE**  
25 **HOMEOWNERS ASSOCIATION SHALL BE MAINTAINED SEPARATE AND APART**  
26 **FROM THE BOOKS, RECORDS, AND ACCOUNTS OF THE DECLARANT OR OF ANY**  
27 **OTHER PERSON OR ENTITY.**

28 ~~[(1)]~~ **(2)** (i) Subject to the provisions of paragraph ~~[(2)]~~ **(3)** of this  
29 subsection, all books [and], records, **AND ACCOUNTS** kept by or on behalf of the  
30 homeowners association shall be made available for examination or copying, or both,  
31 by a lot owner, a lot owner's mortgagee, or their respective duly authorized agents or  
32 attorneys, during normal business hours, and after reasonable notice.

33 (ii) Books [and], records, **AND ACCOUNTS** required to be made  
34 available under subparagraph (i) of this paragraph shall first be made available to a

1 lot owner no later than 15 business days after a lot is conveyed by the declarant and  
2 the lot owner requests to examine or copy the books [and], records, **AND ACCOUNTS**.

3 (iii) If a lot owner requests in writing a copy of financial  
4 statements of the homeowners association or the minutes of a meeting of the  
5 governing body of the homeowners association to be delivered, the governing body of  
6 the homeowners association shall compile and send the requested information by mail,  
7 electronic transmission, or personal delivery:

8 1. Within 21 days after receipt of the written request, if  
9 the financial statements or minutes were prepared within the 3 years immediately  
10 preceding receipt of the request; or

11 2. Within 45 days after receipt of the written request, if  
12 the financial statements or minutes were prepared more than 3 years before receipt of  
13 the request.

14 **[(2) (3)]** Books [and], records, **AND ACCOUNTS** kept by or on behalf  
15 of a homeowners association may be withheld from public inspection, except for  
16 inspection by the person who is the subject of the record or the person's designee or  
17 guardian, to the extent that they concern:

18 (i) Personnel records, not including information on individual  
19 salaries, wages, bonuses, and other compensation paid to employees;

20 (ii) An individual's medical records;

21 (iii) An individual's personal financial records, including assets,  
22 income, liabilities, net worth, bank balances, financial history or activities, and  
23 creditworthiness;

24 (iv) Records relating to business transactions that are currently  
25 in negotiation;

26 (v) The written advice of legal counsel; or

27 (vi) Minutes of a closed meeting of the governing body of the  
28 homeowners association, unless a majority of a quorum of the governing body of the  
29 homeowners association that held the meeting approves unsealing the minutes or a  
30 recording of the minutes for public inspection.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 October 1, 2011.